GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3178
ANSWERED ON:06.09.2007
FAKE CONNECTIONS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the number of SKO/LDO and LPG Distributorships of oil PSU's are not being operated by the original allotees;

(b) the number of SKO/LDO/LPG agencies have been fully reconstituted in the names of financial partners inducted in the firm later on the basis of frivolous grounds;

(c) whether the Government would conduct enquiry regarding the issue of fake connections by these distributorships during the last five years;

(d) if so, the details thereof;

(e) whether the Government/Oil Corporations would conduct the mandatory enquiry regarding the issue of new connections, refills and supply of underweight cylinders; and

(f) if so, the details thereof and the action would be taken against the erring dealers?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a): Public Sector Oil Marketing Companies (OMCs) have not reported any instance in the country where SKO/LDO dealerships and LPG distributorships are not being operated by the original allottees.

(b): OMCs have not reported any instance of SKO/LDO agencies and LPG distributorships which have been constituted in the names of financial partners inducted on the basis of frivolous grounds.All proposals relating to re-constitution of SKO/LDO/LPG dealerships /distributorships have been approved as per laid down guidelines. In case of any discrepancy between the proposal and the laid down guidelines, these are brought to the attention of the dealer/distributor concerned for rectification to enable the company to process the proposal.

(c)to(f): Does not arise in view of (b) above.

However, distributors are subjected to periodic inspections wherein various activities of distributorship are examined, including the release of new connections, supply of refills etc. Checks are also being carried out at the godowns and the delivery vehicles while on their way to deliver cylinders, to detect supply of under weight cylinders.

Action against the erring distributors is taken in accordance with the provisions under the LPG Marketing Discipline Guidelines (MDG).In addition to the action taken by the OMCs under the MDG, State Governments are empowered to take action against illegal use of domestic LPG.

Whenever OMCs receive complaints regarding black marketing/ supply of underweight cylinders, these are investigated and if the complaint is established, suitable action is taken against the LPG distributor(s) concerned in accordance with the provisions of the LPG Marketing Discipline Guidelines (MDG). MDG provides for following action against the distributor :-

Fine of Rs. 20,000 plus the price of LPG diverted at commercial rates for 1st offence.

Fine of Rs. 50,000 plus the price of LPG diverted at commercial rates for 2nd offence, and

Termination of the distributorship for 3rd offence.

In addition to the action taken by the OMCs, State Governments are empowered under the LPG (Regulation of Supply & Distribution) Order, 2000 promulgated under the Essential Commodities Act, 1955 to take action against black marketing of domestic LPG. Similarly, the Weights and Measures Departments of the State/UT initiate legal action against those LPG distributors found supplying under-weight LPG cylinders. The State Governments have been alerted from time to time to take steps against the diversion of domestic cylinders for unauthorised usage.

Government have also issued advertisements cautioning the public that use of domestic LPG for non-domestic purposes is illegal, dangerous and against national interest. Through these advertisements, cooperation of the general public has also been sought to report any irregularity/malpractice to the OMCs.

Further, LPG distributors are also under instructions to ensure 100% weighment of cylinders at their godown before delivery at the customers' premises. In a bid to enhance customer satisfaction levels, distributors in selected markets have been advised by OMCs to provide a spring balance to enable the customer to verify the correctness of the weight of LPG in the cylinder. OMCs have introduced this scheme in major markets of the country.

The officials of OMCs also carry out random checks at distributors godown, delivery point, as well as en-route to ensure that no pilferage takes place.The distributors of OMCs are under strict instructions to check the weight of cylinders at their godowns before delivery, and only cylinders with the specified weight are to be delivered to the customers. The distributors have also been instructed to ensure that the seals are verified & shown to the customers at the time of delivery. In case any under-weight cylinder is received by the customer, such cylinders are replaced with a fresh refill cylinder without any charges levied by the OMCs.